

## National Credit Union Administration

## § 705.2

(d) The corporate credit union may terminate the membership of any credit union that fails to pay the fee in full within 60 days of the invoice date.

[76 FR 23871, Apr. 29, 2011]

### PART 705—COMMUNITY DEVELOPMENT REVOLVING LOAN FUND ACCESS FOR CREDIT UNIONS

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AUTHORITY: 12 U.S.C. 1756, 1757(5)(D), and (7)(I), 1766, 1782, 1784, 1785 and 1786.

SOURCE: 76 FR 67587, Nov. 2, 2011, unless otherwise noted.

#### § 705.1 Authority, purpose, and scope.

(a) This part 705 is issued by the National Credit Union Administration (NCUA) under section 130 of the Federal Credit Union Act, 12 U.S.C. 1772c-1, which implements the Community Development Credit Union Revolving Loan Fund Transfer Act (Pub. L. 99-609, 100 Stat. 3475 (Nov. 6, 1986)).

(b) This Part describes how NCUA makes money available to credit unions from its Community Development Revolving Loan Fund (Fund). NCUA administers the Fund and makes both loans and technical assistance grants to credit unions in accordance with the eligibility criteria and other qualifications, subject to the terms and conditions set out in this Part. All loans and technical assistance grants made under this Part are subject to funds availability and NCUA's discretion.

(c) The Fund is intended to support the efforts of credit unions through loans and technical assistance grants needed for:

(1) Providing basic financial and related services to members in their communities;

(2) Enhancing their capacity to better serve their members and the communities in which they operate; and

(3) Responding to emergencies.

(d) The policy of NCUA is to revolve funds to credit unions as often as practical in order to achieve maximum economic impact on as many credit unions as possible. NCUA anticipates the financial awards provided to credit unions through the Fund will better enable them to support the communities in which they operate. With these awards, credit unions will be able to provide basic financial services to low-income members of these communities, resulting in more opportunities for these members to improve their financial circumstances.

(e) This Part generally establishes the following:

(1) Definitions;

(2) The application process and requirements for qualifying for a loan from the Fund;

(3) The evaluation process;

(4) How loan funds are to be made available and their repayment; and

(5) Technical assistance grants to be provided to credit unions.

#### § 705.2 Definitions.

For purposes of this Part, the following terms shall have the meanings assigned to them in this section.

*Application* means a form supplied by the NCUA by which a Qualifying Credit Union may apply for a loan or a technical assistance grant from the Fund.

*Board* refers to the National Credit Union Administration Board.

*Credit Union* means a credit union chartered under the Federal Credit Union Act or under the laws of any state of the United States.

*Fund* means the Community Development Revolving Loan Fund.

*Loan* is an award in the form of an extension of credit from the Fund to a Participating Credit Union that must be repaid, with interest.

*Low-income Members* are those members defined in § 701.34 of this chapter.

*Notice of Funding Opportunity*, as more fully described in § 705.6 of this part, means the notice NCUA publishes describing one or more loan or technical assistance grant programs or initiatives currently being supported by

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the Fund and inviting interested Qualifying Credit Unions to submit applications to participate in the program(s) or initiative(s).

*Participating Credit Union* refers to a Qualifying Credit Union that has submitted an application for a loan or a technical assistance grant from the Fund which has been approved by NCUA. A Participating Credit Union shall not be deemed to be an agency, department, or instrumentality of the United States because of its receipt of a financial award from the Fund.

*Program* means the Community Development Revolving Loan Fund Program under which NCUA makes loans and technical assistance grants available to credit unions.

*Qualifying Credit Union* means a credit union that may be, or has agreed to be, examined by NCUA, with a current low-income designation pursuant to § 701.34(a)(1) or § 741.204 of this chapter or, in the case of a non-federally insured, state-chartered credit union, a low-income designation from a state regulator, made under appropriate state standards with the concurrence of NCUA. Services to low-income members must include, at a minimum, offering share accounts and loans.

*Technical Assistance Grant* means an award of money from the Fund to a Participating Credit Union that does not have to be repaid.

### § 705.3 Eligibility requirements.

To be eligible to receive a CDRLF award, in the form of either a loan or a technical assistance grant, a Qualifying Credit Union must, within the timeframes specified in any Notice of Funding Opportunity:

(a) Complete and submit an Application; and

(b) Meet the underwriting standards established by NCUA, including those pertaining to financial viability, as set forth in the Application and any related materials developed by NCUA.

### § 705.4 Permissible uses of loan funds.

NCUA may make loans from the Fund to Participating Credit Unions for various uses. The following is a non-exhaustive list of permissible uses or projects:

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(a) Development of new products or services for members, including new or expanded share draft or credit card programs;

(b) Partnership arrangements with community-based service organizations or government agencies;

(c) Loan programs, including, but not limited to, microbusiness loans, payday loan alternatives, education loans, and real estate loans;

(d) Acquisition, expansion, or improvement of office space or equipment, including branch facilities, ATMs, and electronic banking facilities; and

(e) Operational programs such as security or disaster recovery.

### § 705.5 Terms and conditions.

(a) NCUA may make loans, in such amounts and subject to such terms and conditions as it may determine, from the Fund to Participating Credit Unions.

(b) *Funding Limits.* Loans may be granted in amounts up to \$300,000 in the aggregate, depending on the creditworthiness of the Qualifying Credit Union, its financial need, and its demonstrated capability to provide financial and related services to its members. NCUA may, however, make loans that exceed \$300,000 in certain circumstances. NCUA will include in the related Notice of Funding Opportunity the particular criteria used to evaluate an Application for a loan that exceeds \$300,000.

(c) *Recording of a loan.* At the discretion of NCUA, a loan will be recorded by a Participating Credit Union as either a note payable or a nonmember deposit.

(d) *Interest rate.* The rate of interest on loans is governed by the CDRLF Loan Interest Rate Policy, which can be found on NCUA's Web site or by contacting NCUA's Office of Small Credit Union Initiatives. The specific interest rate for a particular funding will be announced in the related Notice of Funding Opportunity. The Board will announce changes, if any, to the CDRLF Loan Interest Rate Policy and those changes will apply to loans made under future Notices of Funding Opportunities.